

**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES**  
**For Wednesday, February 15, 2006**

In attendance: Merideth Hackney, SCO	Kelly Nielson, Agriculture
Ray Ineck, LSO	David Fulkerson, DFM
Don Robbins, II	Randy Smith, H&W
Ed Bowden, CL	Jim Carter, SCO
Ryan Robinson, SCO	Kristi Kelly, SCO

**Agenda 1: Approve minutes.** Ray moved the minutes be accepted as written. Randy seconded the motion. The minutes were approved.

**Agenda 2: Capitalized leases:** The Capitalized leases policy was presented, along with a document of a capital lease example. Ryan explained that much of the content came from other SCO people and that he had refined it and added the example. Merideth suggested that the policy point to the example document in some way.

Ed made several suggestions for revising the policy: 1) define the acronym NCGAS in the Preface. 2) The phrase “FAS statement 13” should be changed to “FASB Statement 13” to be consistent throughout the policy. 3) add commas to the 4<sup>th</sup> bullet item page 2 - so that it reads: “...present value, at the beginning of the lease term .... “ 4) In the same bullet item, the reference to “including any profit” is unclear for a governmental policy. Ryan will check on the intent of this statement. 5) The Google example should be referred to as a more generic Internet search example. Merideth suggested giving them the actual Excel calculations. Ryan will refine this part of the policy and give to Jim. 6) In the example document, emphasize the limits, or in the policy document, use bold to emphasize the \$5,000 threshold. 7) Capitalize the subobject titles in the Administrative Procedures section.

Ray suggested using a numbered list instead of a bulleted list on in the Definitions section for consistent formatting.

Jim will update the Capital Lease Policy with the information above and send it to the committee members for review.

**Agenda 3: Policies to be released.** Merideth began a review of the previous policies that had been sent for review in order to confirm which ones could be released to fiscal officers.

The following policy documents are approved for release:

1. Interest Earnings Allocations to Internal Service Funds
2. Cash and Cash Equivalents Deposit Liabilities Procedures
3. Cash and Cash Equivalents Deposit Liabilities
4. Cash and Cash Equivalents Funds Held as an Agent
5. Net Leasing Activities

(Ed asked that the term “tenant” be used just once in the heading “Lessee” and removed from the paragraph text.)

6. Taxable Fringe Benefits

Merideth has verified with Payroll how to code for employees who are not employed by the reimbursing agency and this is added to the policy.

### **Policies for further review**

1. Loans and Notes Receivable: Ray asked to insert #2 in the Maintenance section: “Rules for maintaining the account/loan, including: 1) method of calculating interest, 2) timing and frequency of statement mailings, 3) recording of advance payments, and 4) frequency of payments.” Kelly provided a hardcopy of the update to Jim. Other updates ensured that “policies”, “procedures”, and “instructions” are changed to “written policies, “written procedures, etc.”
2. Credit, Collections, and Bad Debts: Ed asked to reword the Uncollectible definition to read “...either because the debtor either cannot be located or does not have the ability to pay the amount owed or the cost of collection exceeds the amount due.” Ed also asked whether the Receivables definition should include the phrase ...”excluding “due from” transactions involving intra-agency or inter-agency billings.” Ray asked if this was supposed to excluded receivables or due froms. Dave said that if these transactions are not excluded, then it leaves it open to interpretation. He added that if agencies do not use the interagency billing process, the transaction becomes complicated. Kelly asked if this is because agencies use their own accounting system rather than STARS. Ray suggested stopping the sentence at “...state entity.” Dave suggested a possible subheading specifically to address how interagency bills get paid. Merideth asked for a decision to include or exclude due froms in the policy. Dave and Ed suggested ending the sentence at “...state entity.” and adding a separate sentence stating the disputes with due froms be directed to SCO and/or DFM. Jim will change the wording to “Amounts due from transactions with entities outside the state entity. Disputes with “due from” transactions should be directed to the State Controller’s Office (SCO) or the Division of Financial Management (DFM).” Jim will send the updated version to the committee for review.

**Agenda 4: Reverse Trade Mission Reimbursements.** Kelly presented his draft of the Reverse Trade Mission Reimbursement policy.

Kelly explained that the policy is designed primarily for Agriculture and Commerce and Labor to reimburse expenses incurred when introducing visitors from other countries to events that are classified as local/home station, yet exceed the per diem amount. If the event is for the promotion of trade, then an exception can be requested from the Board of Examiners.

The Reverse Trade Mission Reimbursement policy would alleviate paperwork and delay. Merideth asked if Ag and Commerce are the only agencies included – the answer is yes. Dave explained that other agencies would have to ask to be included. Merideth asked if the policy has to state what the purpose of the travel or reimbursement is for. Ed suggested leaving that for the agencies to specify. Kelly suggested that a specific subobject code for this so that it could be easily tracked. Ray agreed and added that it would separate it from other taxable subobject codes. Ed suggested adding “other agencies’ but Dave reiterated that need for agencies to ask be included in the policy as a sort of control.

Kelly will update his draft and send it to Jim. Jim will make sure the style is up to date and distribute it to the committee for review. Kelly thought that one question he has

expected was how could we overpay the per diem and still be in compliance with IRS code? Ray thought that IRS code had exceptions and that this policy should align with those.

**Agenda 5: 1099 P-Card reporting.** This agenda item was deferred so that the specific issue can be identified.

**Agenda 6: Convenience fees and Credit Card Fees -** Dave said that this item should be deferred since there is pending legislation on this.

**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE AGENDA  
For: March 15, 2006  
SCO 4A Conference Room**

Current agenda items:

**Agenda 1:** Approve minutes.

**Agenda 2:** Reverse Trade Mission Reimbursements

**Agenda 3:** Third Party Payer 1099 P-Card Reporting

**Agenda 4:** Discussion regarding an agency question on the Joint Venture Policy

# STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES

For Wednesday, March 15, 2006

In attendance: Merideth Hackney, SCO	Kelly Nielson, Agriculture
Ray Ineck, LSO	David Fulkerson, DFM
Don Robbins, II	Randy Smith, H&W
Ed Bowden, CL	Jim Carter, SCO

**Agenda 1:** Dave moved the minutes be accepted with a correction to a typo. Ray seconded the motion. The minutes were approved with the correction.

**Agenda 2: Reverse Trade Mission Reimbursement** will be postponed until next meeting.

**Agenda 3: Third Party 1099.** Merideth had asked for comments from Marion, but had not yet received any. Randy made the following comments: Phrase in last sentence in the Preface “if the SCO does the agency’s regular 1099-MISC reporting” seemed unclear. After discussion most agreed that it was clear upon closer reading. Merideth suggested deleting the 3<sup>rd</sup> and 4<sup>th</sup> sentences in the Preface. Everyone agreed. In the Definitions section, first sentence she also suggested deleting “third-party” and to replace “that” with “who”. Everyone agreed. Merideth also offered a complete rewrite of the Policy section. After discussing the use of valid vendor numbers for 1099 reportable subjects, Dave suggested adding a statement that the policy is for agencies except those that do their own reporting/filing. Merideth also suggested that SCO rewrite the Procedures section. Jim will add the updates and then forward them to Marion for her comments. Ed and Ray suggested that we research the Idaho code references to make sure they are applicable.

**Agenda 4: Joint Venture Policy.** Merideth received a question which asked how the policy would apply to the following situation: two agencies buy equipment which one agency will physically hold. One agency is bound by purchasing bid process while the other is not. Ray and others saw this as a legal question. Merideth said the second part of the question is how the capital outlay is handled. Ray said there is probably an MOU requirement and it probably would be a reimbursement. Kelly also thought it was dependent on an MOU and also wondered how it would be recorded in FAS. Merideth said that it would be reported as if the agency actually had physical control of it. Randy asked if this question was trying to justify an existing problem. Merideth said it was not – it was just a question of mechanics. Ray suggested getting input from Div of Purchasing and then AG if needed. Merideth offered to research this.

**Agenda 5: Policies for review.** Randy made suggestions to the following: Accounts Receivable Credit, Collections, Bad Debts – In Preface, delete “in-house”. In Definitions, delete “either”(s) in the Uncollectible definition. In the receivables, asked

why “intra-agency” due froms were mentioned. Dave suggested rewording that portion to “the inter-agency billing process”. In the Procedures section, Randy suggested to delete “oftentimes” and number 2, change “collectible receivables and uncollectible receivables” to “collectible and uncollectible receivables”.

For the Notes and Loans Receivable policy, in the Preface, Randy suggested changing “may or may not” to just “may”, delete “either” from the Uncollectible definition, and deleting the last sentence of number 4 of Approval of a Loan in the Policy section.

Randy also suggested to format definitions in any policy the same as done in the Notes and Loans Receivable policy - title case and underlined and on the same line as the text of the definition (as opposed to bold and on a separate line).

**Agenda 6: Question on Net Leasing.** Merideth forwarded a question from Bob Curl to Darla regarding changes to the Net Leasing policy. Darla will have someone from her group respond and also to come to the next meeting.

**Agenda 7:** Credit Card Fees issue was still in legislative process and will be addressed at a later meeting

**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE AGENDA  
For: April 19, 2006  
SCO 4A Conference Room**

**Agenda 1:** Approve minutes.

**Agenda 2:** Review comments from agencies on policy updates

**Agenda 3:** Third Party Payer 1099 P-Card Reporting

**Agenda 4:** Reverse Trade Mission Reimbursement

**Agenda 5:** Joint Venture Policy

# **STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES**

Wednesday, April 19, 2006

In attendance: Merideth Hackney, SCO      Kelly Nielson, Agriculture  
Don Robbins, II      Randy Smith, H&W  
Jim Carter, SCO      Lisa Robbins, CL

## **Agenda 1: Minutes**

Kelly moved the minutes be accepted with a correction to the date of the April meeting. Don seconded the motion. The minutes were approved with the correction.

## **Agenda 2: Reverse Trade Mission Reimbursement**

Kelly said that reimbursements for his agency are generally less than \$1,000 a year. Lisa does more than that because of other business events such as Familiarity (FAM) tours, corporations, etc. Lisa also asked that this policy not exclude reimbursements for those events.

Kelly described using form letters to request reimbursement, which auditors did not accept. He then had to send a separate request letter for each reimbursement. Merideth reiterated that the policy would save time and cut down on the paperwork and communication. Lisa added that the policy is important for the purpose of promoting new business to Idaho. Also, the policy needs to be realistic in allowing State employees to be paid for meal reimbursements from various establishments.

Kelly noted that the meal reimbursement policy does not cover State employee spouses and does not cover alcohol. The policy should specify that the 463 and 1542 publications are IRS publications and that the policy is for state employees only. Lisa added that in some cases they pay the meal provider (restaurants, etc) and usually they will ask for and get a detailed bill from the provider. Sometimes one employee will pay the bill, present a detailed bill, and then they will get reimbursed.

Kelly added that reimbursements are made in generally one of two ways – per diem or by actual expense. This policy is intended for reimbursing actual expense.

Lisa asked that this policy cover more than just “foreign dignitaries.” The group decided to delete the word “foreign” so as to include any dignitary. Randy suggested adding “to promote trade and commerce” to the reverse trade mission definition. Lisa asked if other agencies are affected. Most other agencies are not or they reimburse from other funds.

Merideth suggested moving the last two sentences of the Policy section to the Administrative Procedures section.

Lisa asked if “official station” means just Boise. Does it apply to outside of state tours, such as FAM tours? Kelly said that the definition section states the director may “further define” the official station. Merideth noted that the Policy section states that it *includes* meals in the official station and therefore does not necessarily *exclude* other meals.

Randy suggested changing the wording from providing reimbursement *to* state employees to providing reimbursement *for* state employees. He also suggested changing Commerce to Commerce and Labor. The focus of the policy is still on just the two agencies – Agriculture and Commerce and Labor.

### **Agenda 3: Third party 1099 policy**

Marion needs time to review and possibly rewrite the procedures. This item will be postponed until next meeting.

### **Agenda 4: Joint Venture policy.**

Merideth received more information regarding an issue that was asked in regards to this policy and determined that it wasn’t necessary to review the policy any further. If other agencies need this, Merideth could review this with Division of Purchasing. Merideth said that there are a few joint ventures that are not uncommon, but rarely is it ever a concern for agencies. The committee agreed it did not need further discussion.

### **Agenda 5: Agency comments on policies sent for review**

Jane Wright, Parks and Rec, suggested some changes to Deposit Liabilities to address their damage deposits. The committee was unsure of the impact on this policy. Merideth will ask Jane for more information and this will be discussed in the next meeting.

Committee accepted Tom Wilkerson’s changes to the Funds Held as an Agent policy.

Ryan spoke to Bob Curl regarding the Net Lease policy. Ryan determined that the financial statement note disclosure applies to leases with non-state entities. As long as leases with state and non-state entities are not mixed together there should be no problem. Ryan was able to answer his questions and the committee determined there is no actual impact on the policy.

Linda Miller, Public Works, submitted a copy of significant changes to the Net Lease policy. Since her copy did not show the actual mark-ups, Jim will add and highlight her changes in the existing policy so that a better comparison can be made.

Randy noted that the Definitions section mentioned some specific costs which seemed to be an exclusive list. He suggested making a separate “Examples” section to describe these costs.

**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE AGENDA**  
**For: May 17, 2006**  
**SCO 4A Conference Room**

**Agenda 1:** Review polices:

Reverse Trade Mission, Deposit Liabilities, and Net Lease

**Agenda 2:** Third Party Payer 1099 P-Card Reporting (will be postponed)

**Agenda 3:** Credit Card fee legislation

**Agenda 4:** DHR Service Award Program.

The program is outsourced to A/J Awards in conjunction with CSI International, Inc. Elizabeth Reisch of A/J Awards is the local contact to assist you with any questions regarding the program or with the implementation particulars. Elizabeth can be reached at 208-461-6616 or e-mail [lizaward@mindspring.com](mailto:lizaward@mindspring.com). Elizabeth is working closely with the merchandising company, CSI International.

Idaho's customer service contact at CSI International is Kathy Madden. Kathy's role will be with fulfillment of employee packets, gift selection issues, returns for damaged products, assignment of coordinator's log in information/passwords and general customer service. Kathy has received the list of coordinators' names/information and may contact you for clarifications on your order. She will be sending the coordinators user ID and passwords to access the website.

Your agency may now submit orders for employee packets. Please allow 30 days lead time for the fulfillment of your orders. The attached form is for submission of service award data to our vendor A/J Awards. The data form has a legend to assist you. All fields in the form are required information. Please submit your data file electronically to Elizabeth's e-mail and reference your agency name in the subject line.



# STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES

Wednesday, May 17, 2006

In attendance: Merideth Hackney, SCO	Kelly Nielson, Agriculture
Don Robbins, II	Ed Bowden, C&L
Randy Smith, H&W	Jim Carter, SCO
Dave Fulkerson, DFM	Ray Inek, LSO

## **Agenda 1: Minutes**

The minutes from last meeting were approved without changes.

## **Agenda 2: Policy Reviews**

### **Reverse Trade Mission Reimbursement**

The committee discussed whether the policy needs to explicitly state that these reimbursements were exempt from per diem limits. Kelly pointed out that the policy is written to address actual expenses. Merideth and Randy suggested adding specific wording in the Policy section regarding the per diem – “not subject to per diem rates”. Dave said that the Board of Examiners may want some limit so that any extraordinary expenses would be more visible and subject to examining their appropriateness. Ray suggested some rewording in the Policy section to include “actual meals...expenses”.

Ed suggested changing “at their official station” to “in their official station”. Merideth suggested removing the last two sentences of the definition of reverse trade mission and Ed suggested adding them to the Policy section.

Ed asked if there was any fiscal impact since the policy is intended to remove certain limits. Dave said that while the agencies are already using these guidelines in practice, the policy is documenting what they do. So the Fiscal Impact section is OK as is. Don asked to reword Administrative Procedures section to read “The sources are IRS Publications...” (from “The sources for this are...”)

Jim will send an updated draft to Dave before sending it to the committee.

### **Deposit Liabilities**

Merideth had not heard a response from Jane Wright regarding her requests to update the policy. Ray believes that her concern was for small deposits on rentals that Parks and Rec collect and that Jane wants to distinguish between long term, significant amounts and short term, small amounts. Merideth asked how they were handling the money now because it has to be booked somehow. The committee agrees there could be a simpler way to handle small deposits and that dollar limits seem reasonable, but notes that smaller amounts are not excluded from normal state law accounting procedures. Dave suggested moving the first paragraph of Administrative Procedures to the Preface with

some minor rewording. Ray added that he thought the basic intent of her request is to avoid all the coding to reversing and adding to revenue for defined small dollar amounts.

The committee agreed to adopt Jane's requests, with some minor rewording and edits; she will be notified of this action. No major impact to the policy is made and so this update does not need to be sent to agencies for review.

### **Net Lease Policy**

Several revisions were submitted by Linda Miller from Public Works. Ray noted that the main point of the revision is that Full Service Leases may vary according to property types. Dave suggested that we add her examples of those property types. Randy added that everything is contingent upon the lease agreement.

After much discussion and several side discussions, the committee adopted Linda's revisions, with some modifications, the major one being to move references to specific examples of property types, etc., to an "Examples" section of the policy. The definition for a Full Service Lease was then rewritten and other minor rewording changes were suggested. The committee agreed to use her revised Policy and Administrative Procedures sections with some minor rewording.

### **Agenda 3: Third party 1099 policy/ P-Card 1099**

Merideth asked to clarify if there are two issues/policies being examined – Third Party Payer 1099 Reporting and the P-Card Policy. Dave said that the two were combined as one agenda item in some earlier meeting because they are related. Marion asked to postpone her input on the Third Party Payer policy. Committee agreed that since both policies were affected, we settle the Third Party Payer 1099 issue and then apply changes to the P-Card policy.

### **Agenda 4: Credit Card fee legislation**

This legislation did not pass so there seems to be no impact to FPAC policies. Kelly asked about a service charge to credit card usage – is it considered a fee or a service charge. Dave said it would be a service charge. He added that service charges cannot be passed on to citizens. Ed said that the policy needs some clean up and the committee will look at this in June.

### **Agenda 5: DHR Service Award Program.**

The DHR Service award program will be discussed in the next meeting.

### **Other items:**

Randy mentioned that a bill about moving reimbursements will affect FPAC policy. This will be discussed next meeting.

Kelly said there was a proposed bill regarding moving money from Personnel to other funds. He asked if this would affect FPAC policy. Ray said this should just be a personnel cost accounting issue of how to report excess salary savings. Kelly will attend a meeting on this and report back to FPAC.

**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE AGENDA**  
**For: June 21, 2006**  
**SCO 4A Conference Room**

**Agenda 1:** Review Leasing Policy updates

**Agenda 2:** Review Third Party Payer 1099 policy

**Agenda 3:** Review Credit card fees policy

**Agenda 4:** Discuss moving reimbursement legislation and DHR service award and their impact to FPAC policy.

# **STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES**

Wednesday, June 21, 2006

In attendance: Kelly Nielson, Agriculture

Don Robbins, II

Randy Smith, H&W

Dave Fulkerson, DFM

Ed Bowden, C&L

Jim Carter, SCO

Ray Inek, LSO

## **Agenda 1: Minutes**

The minutes from last meeting were approved with some minor changes from Randy.

## **Agenda 2: Policy Reviews**

### **Net Lease Policy**

Randy asked if the phrase “as defined by the lease agreement” should read “contingent upon the lease agreement”. Committee agreed that it seemed to read fine as is. Randy suggested adding that phrase to the Triple Net Lease definition. Don added that although we did not discuss doing so last time, it would make sense to add it. The committee agreed.

Ed asked why there were examples of retail stores and shopping centers. Randy pointed out that liquor stores are retail establishments and some are located in shopping centers.

Ray asked to change the last line in Administrative Procedures to “All records shall be retained for audit purposes” and make it the first sentence.

Jim will make the changes and send the policy for signature.

### **Third party 1099 policy/ P-Card 1099**

Postponed until next meeting

### **Credit Card Fees policy**

Ed made several minor changes to the policy section. Randy suggested deleting the sentences regarding mandatory fee. The committee agreed, then, to delete the last two sentences of the second paragraph in the policy section.

Kelly asked what the advantage is of using a third party to collect the fees. Ray said that it would cut into the revenue collected and it is not required for agencies to use third party collectors. Dave said that there could be some benefit if an agency does not have the resources to collect credit card fees. Kelly also pointed out that the Dept of Admin has some security issues collecting fees over the Internet. At this time they have to use Access Idaho. Don said he thought Treasurer’s didn’t have to use Access Idaho and Ray said Occupational Licenses has its own system. Kelly asked if using third party systems

that impose fees on citizens is good policy. Dave suggested that this might be something the Controller's office could investigate as another service offering.

Randy suggested moving the third paragraph of the policy section to the administrative procedures section. Jim will make the edits and bring the policy back to the committee for review.

### **DHR Service Award Program**

The committee examined the service award policy and did not find any impact to FPAC policy. Ray pointed out that there was no retirement awards policy either. Ed suggested that DHR address this and Kelly added that each agency should contact their HR representative to ask about it.

### **Moving expense legislation**

Senate bill 1363 was passed which, among other things, addressed moving expense reimbursement. The committee noted that this bill places the responsibility on DHR. Dave added that the Board of Examiners still has authority on this issue. Ray said that the bill included wording that allowed each agency some leniency in the amount that would be allowed. The committee agreed that there would be no direct impact on FPAC policy at this time.

### **Reverse trade mission**

Kelly asked why the Board of Examiners wanted advance notification and details. Dave said that this was just feedback he had received to add to the policy. Dave noted that Dept of Insurance doesn't always attend Board meetings and might want this information. Kelly said when the trade mission comes up so quickly that preparing an advanced report or proposal might be difficult. However he also added that this section of the policy is worded such that there was no mandate about how far in advance of the trade mission the report has to be sent to the Board. Also several committee members noted that the policy does not state that advance report/proposal has to be reviewed or approved by the Board. Dave said he believes that the Board just wants an idea of what is going on – the report is informational and not necessarily actionable.

Ed asked to change the word "report" to "proposal". The committee reviewed the wording regarding per diem rates. Kelly said the IRS differentiates between actual and per diem and Dave suggested changing the phrase "not subject to per diem" to "which may exceed per diem". Ed also asked about the specifying Agriculture and Labor in the policy. Kelly said this policy is really written for them and they should be mentioned specifically.

### **Other items:**

Ray needs to do a presentation to IFOA on August 2<sup>nd</sup> about what FPAC does, how it gets its polices and how it generates them, etc. He asked for help from the committee to put the presentation together.

**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE AGENDA**  
**For: July 19, 2006**  
**SCO 4A Conference Room**

**Agenda 1:** Review Credit Card Fees updates

**Agenda 2:** Convenience Fees policy - review.

**Agenda 3:** Accounting for national or multi-state conventions/conferences policy - review.

# **STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES**

Wednesday, July 19, 2006

In attendance: Don Robbins, IIC                      Ed Bowden, C&L  
                    Randy Smith, H&W                      Jim Carter, SCO  
                    Merideth Hackney, SCO                      Ray Inek, LSO

## **Agenda 1: Minutes**

The minutes from last meeting were approved.

## **Agenda 2: Policy Reviews**

### **Credit Card Fees policy**

All edits from last meeting have been completed. Merideth asked what the sentence in the Administrative Procedures section regarding “de facto discount fee” meant. The section seems to describe different scenarios on how credit card discount fees are collected and how agencies account for them. Committee members recognized that the discount fee term caused some confusion in general and agreed to change the term to simply “credit card fees”. Then they agreed to delete the sentence regarding the “de facto discount fee” as the issue seemed to be restated in a subsequent sentence.

Jim will make the changes to the document and send it for agency comment.

### **Convenience fees policy**

The committee reviewed this policy as it is one of the older policies on the web. Merideth offered several minor changes to wording in the Preface, Definitions, and Policy sections. She also suggested creating a separate Procedures document from the last paragraph of the Procedures section which will include more accurate STARS processes.

Jim will update the policy and work with Merideth on the new procedures document and then send these to the committee.

### **Accounting for National or Multi-State Conventions/Conferences**

The committee reviewed this policy as it is also one of the older policies on the web. Most committee members saw issues with the policy. Ray said the tone and wording was very different than any other policy and needs to be changed to simply state what the policy addresses. Several specific examples of changes were mentioned and Merideth had a draft copy of an entirely re-written procedures section.

After some discussion, the committee realized that a lot of changes were needed. Merideth will draft a new version and Jim will put it into standard format and send it to the committee.

**Agenda 3: Employee expenses/Travel Reimbursement**

Merideth received a conference paper from Steve Allison regarding employee expenses and the time frame in which they are required to report their expenses. Merideth said this probably would impact the Travel Reimbursement policy and asked if this information should be added to it. Ed said it probably should and asked if there was any disadvantage to adding it. Ray said that it would help to show that the state is showing good faith in complying with the rules. Ed asked if there might be an issue if an employee is incapacitated in some way, e.g., by illness. Ray said this would probably rarely happen and even if it were to happen, there should be someone in an agency that could process the request on their behalf. The committee agreed that it would be good to include the specific time frames in FPAC policy. Merideth will give the conference paper to Patrick Hodges for him to take to the Board of Examiners for their review.

**Other discussion items:**

Merideth asked Ray if he talked to Steve Allison about the Internal Controls policy. Ray said Steve had told him that SCO was attempting to re-write the Management Control Systems manual and suggested to wait until that happened. Ray asked Merideth about the status of the MCS re-write. Merideth said that due to staffing issues, it has been delayed and that SCO is looking into the possibility of hiring outside contractors to help complete it.

Ray asked about the possibility of the State Controller setting up a system to check for debarred vendors on a statewide, ongoing basis. Merideth said that there is probably a way to have STARS check for debarred vendors when payments are made. Merideth mentioned that at least one other state has such a system in place. The committee decided to do some further research and contact the other state to see if this was possible for Idaho.

**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE AGENDA****For: August 16, 2006****SCO 4A Conference Room****Agenda 1:** Review Convenience Fees policy**Agenda 2:** Review Accounting for National or Multi-state conventions/Conferences policy updates.**Agenda 3:** Review Expenditures: Independent Contractor/Employee policy



# STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES

Wednesday, August 16, 2006

In attendance: Ed Bowden, C&L                      Jim Carter, SCO  
                    Merideth Hackney, SCO              Ray Inek, LSO  
                    David Fulkerson, DFM              Kelly Nielson, Agriculture

## **Agenda 1: Minutes**

The minutes from last meeting were approved.

## **Agenda 2: Policy Reviews**

### **Credit Card Fees policy**

Agency comments have indicated some general confusion in the Administrative Procedures. (Dave suggested having separate Administrative Procedures as we have done for other Policies.) Kelly asked how agencies are currently being charged for or are handling these fees. No one was absolutely sure, though Ray believes that Tax Commission gets full revenue from the third-party. The committee believes that most banks take out their credit card fees before sending the collected revenue to the state.

Kelly asked if we are going to tell agencies to record the amount including the fee. Dave and Ray said no, if agencies never see the fee amount then they would only record the amount collected for them. The example discussed is that if an agency is asking \$100 for its good/service and the third-party collects \$100 + \$3 and sends only the \$100 to the agency, then the agency only records just the \$100. Ed asked if this is true in the case of a debit purchase and the committee agreed that it is.

Merideth proposed to create a separate Admin Procedures with just this sort of example. She believes that ITD may have some more insight into the issue and she will contact them for more information.

Another comment on the policy asked what the improved internal controls were. Dave said that it was handling less cash through the agency. Megan Muguira had asked in her agency comment if Access Idaho is a contractor/Intermediary. The committee agreed they are a third-party.

The committee agreed with Meredith to include definitions from the State of Utah policy. Merideth will work on the procedures. Ed asked that the subobject codes be included (as in the Utah policy).

**Convenience fees policy**

Ed said that there should be a new TC for this policy (and to reword “the agency” to “agencies”). Dave suggested some rewording to the introduction as well. Marion and Suanne will work on a new transaction code.

**Accounting for National or Multi-State Conventions/Conferences**

Ray said that the Budget Office will support legislation that gives spending authority for agencies in regards to this policy. He also said some loosening of the language in the policy would be needed to recognize that alcohol is served at some conventions/conferences. However he did not know at this time who would create the legislation. David said he is not sure about allowing language that permits spending for alcohol or gifts etc. Ray said we either continue with separate bank accounts as is often done or allow this to be recorded in the state system. Kelly noted that there are several expenses that might not be captured by the state system, but wondered if there was a benefit in doing so.

Merideth said that agencies must have some idea of what the expenses are in order to plan for conventions and conferences. Ray would only be concerned to know that expenses were only for the convention/conference. Ray suggested that Keith or the Board of Examiners could make some determination on these issues. David recommends tabling the policy changes and he and Merideth will pursue the matter with their management.

**Agenda 3: Internal Service Function policy**

David will look at this to re-write it and will bring it back to the committee for review.

**Agenda 4: Prior Year Adjustment**

David suggests to add to the 2<sup>nd</sup> sentence in the Preface “...without legislative approval.” Or to essentially mirror the Idaho Code. Merideth suggested pulling the Administrative Procedures into a separate document. Jim will do the rewrite and new document.

**Other discussion items:**

David said there was some IFOA discussion about capital outlay and budgeting. Idaho Code says capital outlay shall include all expenditures for land, highways, buildings, etc including repairs or renovations which extend the useful life of the asset or improves/increases its capacity. Idaho Code also specifies certain assets (automobiles, animals, machinery, equipment, furniture) which will have a useful life substantially more than two years. David said FPAC policy seems to be in line with Idaho Code. Kelly said that agencies have a hard time interpreting the capital outlay rules and applying them. He suggested a memo be sent to agencies. David added that Idaho Code might include a dollar amount to be clearer. He added that agencies seem to understand how to inventory and account for capital outlay, but the issue is how to budget for such items. Ray said this is probably an issue for David and himself to review.

**STATEWIDE FISCAL POLICY ADVISORY COMMITTEE AGENDA**  
**For: September 20, 2006**  
**SCO 4A Conference Room**

**Agenda 1:** Review Credit Card Fees policy and procedures updates

**Agenda 2:** Review Convenience fee policy updates.

**Agenda 3:** Review Internal Service Function policy updates.

**Agenda 4:** Review Prior Year Adjustment policy updates.

# STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES

Wednesday, September 20, 2006

In attendance: Merideth Hackney, SCO      Don Robbins, IIC  
Randy Smith, H&W      Jim Carter, SCO  
Dave Fulkerson, DFM      Ray Ineck, LSO

## **Agenda 1: Minutes**

Minutes were accepted with changes noted.

## **Agenda 2: Capital Outlay**

Merideth asked where we were with capital outlay policy, subobjects, etc. and noted that we need a better definition for subobject 5420. David read the Idaho Code 67-3508 and notes that it never mentions a dollar amount as one of the criteria, only particular assets and their useful life or the extension of their useful life. He said he would look into making the Idaho Code clearer. Don and Ray talked about the Budget Manual's description of capital outlay which mentions a dollar amount, but still does not seem clear. They also said that some time ago the Dept of Administration had issued a memo regarding inventory and assets, but no specific rules came out of it. David will pursue the issue.

## **Agenda 3: Credit Card Fees**

Credit Card Fee Policy - Meredith received an e-mail from Dave Tolman who asked to strike the sentence in the Policy saying that "agencies may not discriminate by transaction amount." The committee thought that this was a stipulation in Idaho Code, but they were not certain about the context. ITD does not accept credit cards transactions for more than \$10,000. The committee discussed the intent of the e-mail request and Merideth will review Idaho Code and follow up with Dave Tolman to clarify his request.

David said the last line of the Policy section was not necessarily true and asked to remove it. Committee agreed. Merideth asked to strike the last line in the first paragraph of the Administrative Procedures section as well as suggested some other wording changes. The committee agreed to the changes.

Credit Card Fee Procedures – Merideth will ask Marion to forward her recommendations for a subobject to use for credit card fees to David and Ray. Merideth mentioned that a subobject 5963 exists for 1099 reportable and thought that 5964 could be used for 1099 non-reportable. The 5963 definition may need to be revised. Merideth will get the final information and give to Jim to update the procedures.

## **Agenda 4: Convenience Fees**

Merideth said that we could use the same transaction codes and subobjects used for credit card fee policy/procedures. David asked to make a minor wording change in the Preface and in the Fiscal Impact section asked to strike the second bullet. Ray said we could

reword the Fiscal Impact section to say that the number of instances of uncollectible items would be reduced. Committee agreed to the changes.

#### **Agenda 5: Internal Service Function**

David provided a draft rewrite of the policy. Ray asked if agencies really could refer other agencies to external service providers. Merideth said it was not uncommon, for example, an agency might suggest that an agency use external software programmers or IT services. Ray noted that if agencies were truly monitoring their programs, they should not be running out of appropriations and not need supplemental appropriations. Merideth followed up by asking what the purpose of the policy really is. David said that it made it easier for agencies to record these types of expenditures. The committee agreed to strike the last half of the last sentence in the first paragraph of the policy section.

#### **Agenda 6: Prior Year Adjustments**

Merideth had some minor wording changes and added to the last sentence of the Policy section. The committee agreed to the changes. Ray asked if agencies can adjust between funds that are appropriated differently. Merideth said they could not.

#### **Miscellaneous:**

Randy asked to make a minor wording change in the Convenience Fees Third Party definition.

Merideth had not been able to get follow up from Keith on the National or Multi-State Convention/Conference Policy. David had gotten feedback that any legislative change regarding the policy would be very unlikely. Ray said then the FPAC committee should revisit the policy. Merideth had made some initial markups and the committee will look at this next meeting. Merideth asked if the issue of paying for alcohol existing in Idaho Code. No one was certain; David said that it was specifically prohibited in Federal Code.

Next Meeting will be October 18<sup>th</sup>.

# STATEWIDE FISCAL POLICY ADVISORY COMMITTEE MINUTES

Wednesday, October 18, 2006

In attendance: Merideth Hackney, SCO	Kelly Nielson, Agriculture
Don Robbins, IIC	Ed Bowden, C&L
Randy Smith, H&W	Jim Carter, SCO
Dave Fulkerson, DFM	Ray Ineck, LSO

## **Agenda 1: Minutes**

Minutes were approved as corrected.

## **Agenda 2: Capital Outlay**

Ray and David will discuss capital outlay definitions with other Fiscal officers to get clarification. The confusion between Idaho code, the Budget manual, insurance recommendations, etc., persists. SCO will wait on updating their documentation until Ray and David get more guidance.

## **Agenda 3: Credit Card Fees**

Merideth has not received replies from her inquiries into Dave Tolman's issue with the policy statement that agencies "may not discriminate by transaction amount". The committee believes that his wish is to be able to limit credit card transactions to \$10,000 to avoid paying substantial fees. The committee notes that the only requirement in Idaho Code is that taxes totaling \$100,000 or more must be paid by electronic funds transfer. The committee also notes that the policy states that agencies may decide which services or fees can be paid by credit card. Ray said that the statement could be removed. The committee agreed. Agencies will be notified of the change and then after a few weeks the policy will be sent for signature.

## **Agenda 4: Convenience Fees**

Randy asked to make some wording changes to the first paragraph of the Policy section. Randy also asked if the second paragraph of the Policy section should state that the fees agreed to could be a percentage rather than just an amount. After some discussion the committee agreed to strike the words "dollar amount of the" from the paragraph. Ray suggested that the last sentence of the third paragraph in Policy could be deleted and the committee agreed. Ed asked for a minor word change in the Fiscal Impact section and the committee agreed.

The Policy and the Procedures will go out for agency comment.

## **Agenda 5: Internal Service Function**

The policy has been formatted and is ready to publish to the web. Agencies will be notified of the update. Randy said that the 2<sup>nd</sup> sentence on the Policy was a procedure rather than policy. Kelly said it gave explanation to the rest of policy. David said it could be reworded to be a policy statement. The committee agreed to move the paragraph to the 2<sup>nd</sup> line of the first paragraph and change "can" to "shall".

**Agenda 6: Prior Year Adjustments**

In the Policy, one minor wording change was made and the Procedures section was put into a separate document. In the Procedures, Ed suggested rewording the Internal Adjustments first sentence. David said to add “only” to the first part of the sentence and the committee agreed to strike the phrase in commas in the first sentence. Ray said to spell out Prior Year instead of abbreviating it. These will be put on the web and agencies notified.

**Agenda 7: Independent Contractors**

Marion Demer submitted updates for the Independent Contractors policy. Don provided information from the Industrial Commission’s web site and suggested linking to it.

Kelly said that the Fiscal Impact section that states if a worker is qualified to be an employee they are to be added “immediately” seems to be outside the normal process of adding a new employee. David said this is a federal regulation. David and others noted that there are several ways an agency could add an employee immediately and that, in such a case, the proper agencies and authorities would be aware of the case so that it shouldn’t be a problem.

Merideth suggested that the committee review the policy for next meeting.

**Other Items:**

Ray mentioned that he found a specific reference in SCO’s STARS manual regarding reimbursement for alcohol and also for flowers or cards for sick employees. Merideth said that SCO interprets these expenses as not allowable and when talking to agencies that SCO suggests that the agency speak with their legislative auditor.

Randy brought up the issue of educational expenses. His agency has been asked if they can pay for non-job related education. He said that they have not been paying for this, but he asked if there is a policy for educational expenses. Ed notes that educational expenses would include specific classes that may not be job related but are part of a curriculum that is job related. A variety of issues were mentioned in regards to educational expenses. The committee agreed to discuss this topic in future meetings.

Next meeting is rescheduled for November 17, 2006, 1:30PM in the SCO conference room.